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# Consumer Protection Act

Ministry of  
Consumer and  
Commercial Relations

## VISION

To promote a fair, safe and informed marketplace which supports a competitive economy in Ontario.



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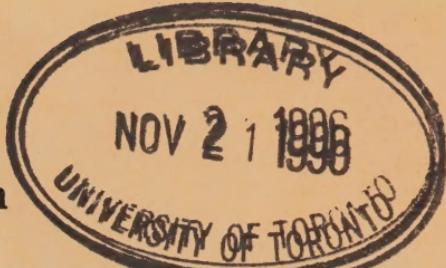
Ontario

# A Guide to the **Consumer Protection Act**

**Ministry of  
Consumer and  
Commercial Relations**

## **VISION**

To promote a fair, safe and informed marketplace which supports a competitive economy in Ontario.



## Question

*Yesterday I signed a contract in my home to have new roofing installed at a cost of \$1,500. I gave the salesman a deposit of \$500 as he requested.*

*Today I realize that I neither need nor can afford a new roof. I called the salesman and asked that the contract be cancelled but he said this wasn't possible.*

*Is there any way I can get my money back? I'm a pensioner and every cent counts.*

## Answer

Yes, you may be entitled to get your deposit back under the Ontario Consumer Protection Act. The Act allows for a 48 hour cooling-off period in which contracts of \$50 or more signed in a home can be cancelled by letter.

The letter must be registered at the post office within two working days of signing the contract.

For your own protection, try never to give a salesman such a large deposit. Established merchants require no more than five to 10 per cent down. Steer clear of anyone insisting on large down-payments as this could

indicate they don't enjoy adequate credit to purchase necessary supplies.

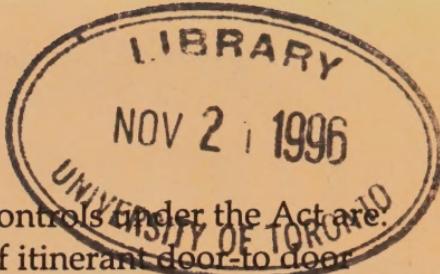
If you want more information on home repairs and dealing with a contractor, write for our free leaflet: *A practical guide to home repairs.*

## The Consumer Protection Act

The Consumer Protection Act (CPA) is among the most important pieces of legislation ever handed down by the Ontario government. It is designed to do just what the title implies—"to protect YOU, the consumer, from problems you may encounter when purchasing goods or services or borrowing money. The Act protects the consumer as far as the law goes. The best guarantee you have in not getting "sold a bill of goods" is your own awareness of various laws designed to protect you.

Common sense is your best defence.

The Act is administered by the Ontario Ministry of Consumer and Commercial Relations, registrar of the CPA. Complaints and inquiries are handled by the ministry's Consumer Affairs Branch. The branch was set up to protect consumer's rights and privileges under Ontario law to inspect and investigate questionable business practices.



- Some of the controls under the Act and registration of itinerant door-to door sellers;
- need for written executory contracts in sales over \$50;
- full disclosure of credit terms when purchasing goods on credit;
- prohibition of referral selling;
- unsolicited goods;
- false or misleading advertising;
- penalties for offenses.

## Registration of itinerant sellers

The Act states that every itinerant seller (selling driveway paving, encyclopedias, magazines, household appliances, aluminum siding and swimming pools door-to door, just to name a few), must be registered and bonded under the Act.

The Act allows the registrar to:

- require the seller to post a \$5,000 bond;
- start proceedings to refuse or revoke registration if the applicant is not financially responsible, or if past conduct indicates he or she will not carry on business with integrity and honesty and in accordance with the law;

- require the seller to maintain a permanent place of business in Ontario;
- register each separate trade name under which business is carried on.

## **Executory contracts**

If the purchase price of goods or services is more than \$50, and if delivery of the goods, or performance of the services, or payment is to be made in the future, then under the Act a written contract is required.

The contract must contain:

- (1) name and address of both the seller and buyer;
- (2) description of goods and services sufficient to identify them with certainty;
- (3) itemized price of goods and terms of payment;
- (4) statement of any security given if credit is involved;
- (5) full disclosure of the credit terms;
- (6) statement of warranty or guarantee if any;
- (7) signatures of both parties. (Each must retain an original signed copy.)

Without all the above details, a contract may not be legally binding.

## Cooling-off period

Even with all the above details, the consumer still has the right to cancel the contract by letter delivered to the seller. Rescission (cancellation of the contract) applies only to contracts of \$50 or more which have been negotiated and signed away from the seller's permanent place of business, for example, in your home. The letter requesting cancellation must be personally delivered or registered at the post office within two clear working days after the contract comes into the hands of the consumer. (If the last day of the cooling off period happens to be a Sunday or a statutory holiday, you get an extra day to send your rescission letter).

A telephone call requesting rescission has no legal force. Only a letter is considered a legal request for cancellation. Always keep a copy of the letter and receipt of registration as proof of your request.

When receiving the consumer's request for rescission, the seller must return any money (or trade-in, if applicable) to the consumer.

Cancellation rights do not apply to cash sales in which goods, accepted on-the-spot from a door-to door seller, are fully paid by way of cash, cheque or credit card.

For example, if a vacuum cleaner you have just decided to buy from a door-to-door seller is left with you—and you have fully paid for it—then you lose your right to rescission regardless of whether payment was made by credit card, cheque or cash.

**Remember:** Contracts for goods received at the time of payment cannot be cancelled under the Act.

## **Repossession of goods**

Goods bought on credit from the seller cannot be taken away from the buyer, except by court order, if two-thirds or more of the value of the contract has already been paid.

## **Buying on credit**

Buying on credit is so widespread that it would be hard to imagine a world without it.

The Act protects the consumer in credit transactions. Anyone selling merchandise on credit must provide the purchaser, before credit granting, with a clearly written statement, showing the total finance charges both in dollars and cents and the annual percentage rate being charged. The seller must also show in writing, any additional charges to be levied if

the purchaser defaults on payments. This detailing of costs not only applies to contracts for goods purchased on credit, but also to monthly charge accounts and to all loans.

## **Unsolicited goods**

The Act also limits the consumer's liability in the area of unsolicited goods or credit cards. The consumer is not responsible for any unsolicited merchandise and has no legal obligation in respect to its use or disposal, unless the recipient knows they were intended for some other person.

A consumer who receives unordered merchandise, either delivered or through the mail, may legally keep it or throw it out. If you receive an unsolicited credit card you have no legal obligation as to its use or disposal unless you accept the card in writing or you purchase goods with it. In this case you are responsible for the goods purchased. If you don't want the card simply cut it up and throw it out.

## **Referral selling**

No seller can hold out to a buyer or prospective buyer any advantage, benefit or gain for doing anything that purports to assist the seller in finding or selling to another prospective buyer.

## **False advertising**

A cease and desist order can be issued under the Act wherever the registrar believes an advertisement by a seller or lender is false, misleading or deceptive. Any registrar's order may be appealed to the Commercial Registration Appeal Tribunal.

False or deceptive advertising may also result in prosecution.

## **Penalty for offenses**

Anyone found guilty of contravening this Act is liable to a fine of up to \$25,000 or to imprisonment up to one year or both. A corporation committing a similar offence can be fined up to \$100,000.

## Consumer tips

- Always shop around before making a purchase.
- Ask for identification when dealing with door-to-door sellers. Check with the ministry to ensure the seller is registered.
- Be strong enough to say “No” if you’re not interested.
- Never sign a blank contract or sheet of paper. Always read and understand the small print. If in doubt check with the bureau or your lawyer.
- Know the implications. A contract is legal document.
- Always demand a written receipt for goods purchased.
- A warranty or guarantee is only good for as long as the company remains in business.
- Make sure you understand exactly the total cost of your purchase. Add up those monthly charges.  
Remember, the law protects but it doesn’t guarantee the quality of merchandise, its price or the integrity of the salesperson.



## **Be an informed consumer**

The Ontario Ministry of Consumer and Commercial Relations has published a number of other booklets covering a wide range of consumer topics.

For further information or to obtain copies of the ministry brochures call or write to:

General Inquiry Unit  
Ministry of Consumer and Commercial Relations  
250 Yonge Street  
Toronto ON M5B 2N5

(416) 326-8555

1-800-268-1142

TTY (for the hearing/speech impaired)

(416) 326-8566

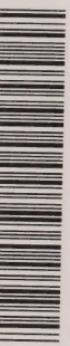
**We'd like to hear from you.**

Cette publication est également disponible en français sous le titre *Guide de la Loi sur la protection du consommateur*.



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